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Prepared By _____

Approved By _____

An act to add Section 15916 to the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

DRAFT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 15916 is added to the Welfare and Institutions Code, to read:

15916. (a) For the purposes of this section, the following definitions apply:

(1) "California's Bridge to Reform Section 1115(a) Waiver" means the Section 1115(a) Medicaid demonstration project, No. 11-W-00193/9, as approved by the federal Centers for Medicare and Medicaid Services (CMS), effective for the period of November 1, 2010, through October 31, 2015.

(2) "Demonstration year" means a specific period of time during California's Bridge to Reform Section 1115(a) Waiver as identified in the Special Terms and Conditions.

(3) "Designated public hospital" has the meaning given in subdivision (d) of Section 14166.1.

(4) "Safety net care pool" means the federal funds available under the Medi-Cal Hospital/Uninsured Care Demonstration Project and the successor demonstration project, California's Bridge to Reform, to ensure continued government support for the provision of health care services to uninsured populations.

(b) Notwithstanding any other provision of law, the state shall annually seek authority from CMS under the Special Terms and Conditions of California's Bridge to Reform Section 1115(a) Waiver to redirect to the uncompensated care category within the safety net care pool (SNCP) the portion of the restricted funds used to fund expenditures under the Health Care Coverage Initiative (HCCI) that will not be fully utilized by the end of the demonstration year.

(c) Designated public hospitals (DPHs) may utilize the redirected SNCP funds described in subdivision (b) for allowable certified public expenditures as follows:

(1) Until the state fully utilizes the portion of restricted funds used to fund expenditures for the Designated State Health Programs listed in the Special Terms and Conditions of California's Bridge to Reform Section 1115(a) Waiver, the certified public expenditures used to claim the redirected SNCP funds shall be allocated equally between the state and the DPHs such that for every certified public expenditure used by the DPHs, the DPHs will voluntarily allow the state to use a corresponding certified expenditure for claiming purposes.

(2) After the state fully utilizes that portion of the restricted funds used to fund expenditures for the Designated State Health Programs, the DPHs may utilize the remaining redirected funds described in subdivision (b) as authorized by the Special Terms and Conditions of California's Bridge to Reform Section 1115(a) Waiver.

(d) Participation in the utilization of the redirected SNCP funds under this section is voluntary on the part of the DPHs for the purpose of all applicable federal laws.

(e) Notwithstanding any other provision of law, upon the receipt of a notice of disallowance or deferral from the federal government related to any certified public expenditure used for federal claiming after implementation of this section, all of the following shall apply:

(1) The DPH shall be solely responsible for the repayment of the federal portion of any federal disallowance or deferral related to the claiming of a certified public expenditure in a particular year up to the amount claimed pursuant to paragraph (2) of subdivision (c) for that particular year.

(2) If there are disallowances or deferrals in addition to those described in paragraph (1), the department and the DPH shall each be responsible for half of the repayment of the federal portion of any federal disallowance or deferral related to the claiming of a certified public expenditure in a particular year up to the amount claimed pursuant to paragraph (1) of subdivision (c) for that particular year.

(3) If there are disallowances or deferrals in addition to those described in paragraphs (1) and (2), the DPH shall be solely responsible for the repayment of the federal portion of all remaining federal disallowances or deferrals related to the claiming of a certified public expenditure in a particular year.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make changes necessary for implementation of the Budget Act of 2011, it is necessary that this act take effect immediately.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Medi-Cal: waiver: safety net care pool funds.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law requires the department to seek a demonstration project or federal waiver of Medicaid law to implement specified objectives, which may include better care coordination for seniors, persons with disabilities, and children with special health care needs. Existing law provides for the Health Care Coverage Initiative (HCCI), which is a federal waiver demonstration project established to expand health care coverage to low-income uninsured individuals who are not currently eligible for the Medi-Cal program, the Healthy Families Program, or the Access for Infants and Mothers program. Existing law also requires the

department, on or after November 1, 2010, but no later than March 1, 2011, or 180 days after federal approval of the demonstration project, to authorize the provision of scheduled health care benefits for uninsured adults, as specified.

This bill would require the department to annually seek authority from the federal Centers for Medicare and Medicaid Services under the Special Terms and Conditions of California's Bridge to Reform Section 1115(a) Waiver to redirect HCCI funds within the safety net care pool, as defined, that are not fully utilized by the end of a demonstration year, as defined, to the category of uncompensated care to be used by designated public hospitals, on a voluntary basis, for allowable certified public expenditures, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.